



MINUTES

VRE OPERATIONS BOARD MEETING PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA NOVEMBER 20, 2009

VIRGINIA RAILWAY EXPRESS

BOARD MEMBERS

CHRIS ZIMMERMAN
CHAIRMAN

PAUL MILDE
VICE-CHAIRMAN

WALLY COVINGTON
TREASURER

SHARON BULOVA
SECRETARY

MAUREEN CADDIGAN
PATRICK HERRITY
JOHN JENKINS
MATTHEW KELLY
SUHAS NADDONI
KEVIN PAGE
GEORGE SCHWARTZ
PAUL SMEDBERG
JONATHAN WAY

ALTERNATES

MARC AVENI
CHARLES BADGER
HARRY CRISP
MARK DUDENHEFER
BRAD ELLIS
JAY FISETTE
FRANK JONES
MICHAEL MAY
JEFF McKAY
MARTIN NOHE
JOHN STIRRUP

DALE ZEHNER
CHIEF EXECUTIVE
OFFICER

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MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County
Wally Covington (PRTC)	Prince William County
John D. Jenkins (PRTC)	Prince William County
Matthew Kelly (PRTC)	City of Fredericksburg
Paul Milde (PRTC)	Stafford County
Kevin Page	DRPT
George H. Schwartz (PRTC)	Stafford County
Jonathan Way (PRTC)	City of Manassas
Christopher Zimmerman (NVTC)	Arlington County

MEMBERS ABSENT	JURISDICTION
Maureen Caddigan (PRTC)	Prince William County
Patrick Herrity (NVTC)	Fairfax County
Suhas Naddoni (PRTC)	City of Manassas Park
Paul Smedberg (NVTC)	City of Alexandria

ALTERNATES ABSENT	JURISDICTION
Marc Aveni (PRTC)	City of Manassas
Charles Badger	DRPT
Brad Ellis	City of Fredericksburg
Harry Crisp (PRTC)	Stafford County
Mark Dudenhefer (PRTC)	Stafford County
Jay Fiset (NVTC)	Arlington County
Frank C. Jones (PRTC)	City of Manassas Park
Michael C. May (PRTC)	Prince William County
Jeff McKay (NVTC)	Fairfax County
Martin E. Nohe (PRTC)	Prince William County
John Stirrup (PRTC)	Prince William County

STAFF AND GENERAL PUBLIC	
Donna Boxer – VRE	Trinh Lam – VRE
Jennifer Buske – Washington Post	Bob Leibbrandt – Prince William County
Teresa Connaughton – citizen	Steve MacIsaac – VRE counsel
Heather Diez – VRE	April Maguigad – VRE
Mike Garber – PBGH LLC	Dick Peacock – citizen
Anna Gotthardt – VRE	Mark Roeber – VRE
Kelly Hannon – Free Lance-Star	Brett Shorter – VRE
Al Harf – PRTC staff	Rick Taube – NVTC staff
Ann King – VRE	Karen Vossenberg – citizen
Mike Lake -- Fairfax DOT	Dale Zehner – VRE

** Delineates arrival following the commencement of the Board meeting. Notation of exact arrival time is included in the body of the minutes.

Chairman Zimmerman called the meeting to order at 9:35 A.M. Following the Pledge of Allegiance, roll call was taken.

Approval of the Agenda – 3

Without objection, the Board approved the agenda as presented.

Minutes of the October 16, 2009, VRE Operations Board Meeting – 4

Mr. Kelly moved, with a second by Ms. Bulova, to approve the minutes. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Chairman's Comments – 5

Chairman Zimmerman stated that as the year draws to a close, the VRE Operations Board will need to consider a new slate of officers for the next year. Chairman Zimmerman appointed the following members to serve with him on the Nominating Committee: Mr. Smedberg, Mr. Jenkins and Mr. Kelly. The Committee will report back to the Operations Board at the next meeting.

Chief Executive Officer's Report – 6

Mr. Zehner reported that VRE year-to-date ridership remains constant, with basically no increase or decrease. On-time performance for October was 87 percent, with 90 percent on the Fredericksburg line and 84 percent on the Manassas line. The Manassas line had some issues during October that involved a switch problem at Edsall, leaf oil delays, and four medical emergencies.

Mr. Zehner also reported that the cab signal project (from RO to the switch that leads into Union Station) was completed on October 25, 2009. This was the only segment on CSX tracks that did not have cab signals.

Concerning Spotsylvania membership, Mr. Zehner reported that the certification from the Secretary of the Commonwealth has been signed and it now needs to be read into the record at a meeting of the Spotsylvania Board, which should be done on November 24, 2009. After that, all items will be completed that need to be done for Spotsylvania to join VRE. Ms. Bulova asked when would be the first time Spotsylvania members would be joining the Operations Board. Mr. Zehner replied that the county would officially join VRE on February 15, 2010, so they would be voting members for the February VRE meeting. Chairman Zimmerman and Mr. Zehner have discussed inviting them to an earlier meeting to observe. Mr. Milde stated that he and Mr. Kelly already took the liberty of inviting them. Mr. Jenkins stated that it is an excellent idea to invite them but it

is also a matter of protocol to send a letter from the VRE Chairman to the Spotsylvania Board Chairman after November 24th. There were no objections.

Ms. Bulova explained that at a previous meeting she asked about the new Commonwealth intercity rail service from Washington, D.C. to Lynchburg that makes a stop at the Burke Centre VRE station. There was an issue raised by Amtrak about people being charged for that stop. Mr. Zehner stated that currently there is no additional charge at any station. Ms. Bulova requested information be brought back to the Board concerning the status of negotiations with Amtrak about charges to VRE for Union Station access and VRE charges to Amtrak for stops at VRE stations.

Mr. Covington observed that a constituent recently had his vehicle burglarized at the Broad Run station where the catalytic converter was stolen. Chairman Zimmerman stated that this is a problem VRE is having systemwide and Metro is also having some of the same issues. Mr. Zehner stated that parking garages tend to have more problems than the surface parking lots. Ms. Maguigad stated that there has been a slight increase in incidents at the Broad Run parking lot. VRE is continuing to distribute information to riders on how to better protect their property. Police are also monitoring the lots. Mr. Covington asked if VRE has cameras or monitors. Mr. Way stated that cameras are supposed to be installed at the Manassas parking garage, but he does not know the status. Police have been monitoring the garage regularly.

VRE Riders' and Public Comment – 7

Dick Peacock stated that students who are using the youth fare discount are not the ones who are violating the policy; it is the adults who are abusing the system. A way to prevent fraud for all the reduced fares is to stamp a large "RF" on reduced fare tickets. He also observed that the new intercity train has been successful and he is confident that the new administration in Richmond will continue to support this service. He is also pleased that Spotsylvania is joining VRE.

Karen Vossenbug, a resident of Fredericksburg, asked that the VRE Operations Board not discontinue the student fares. Her son was a student commuter for the last four years and attended Gonzaga High School in Washington, D.C. and her daughter is a current student at Visitation High School in Washington, D.C. She challenged VRE to fix the fraud problem and don't disadvantage the students. She asked if VRE could provide a form for students to have signed by a school principal and then be able to purchase tickets at VRE headquarters in Alexandria. That would eliminate the problem of fraud.

Teresa Connaughton, a resident of Prince William County, also asked that VRE keep the student reduced fares. She has two children that ride VRE, a son who rides to Washington, D.C. and a daughter to Alexandria everyday for school. VRE needs to do analysis of how many students use VRE before discontinuing the program.

Authorization to Forward the FY 2009 Audited Financial Statements and Management Letter to the Commissions – 8A

Mr. Zehner stated that the Operations Board is being asked to authorize him to forward to the Commissions for consideration VRE's financial statements for FY 2009 as audited. Resolution #8A-11-2009 would accomplish this. He introduced Mike Garber, VRE's auditor from PBGH, LLC.

Mr. Garber stated that the Audit and Finance Committee has had a more detailed presentation. The audit for FY 2009 has been completed and PBGH issued an unqualified opinion. The report finds that VRE's statements, in all material respects, fairly and accurately present the financial position of the organization. The auditors' report on internal controls lists one finding related to the recognition of accrued expenses. A locomotive progress payment was paid by wire in July and erroneously recorded in July, for work performed in June. The auditors were required to disclose this error as a weakness in internal control because of the materiality of the transaction as it crossed fiscal years. There was one other area that was determined that those internal controls already in place could be strengthened, but there were no mistakes made.

In response to a question from Mr. Jenkins, Mr. Garber stated that there are now controls in place that even with updated software, financial documents cannot be changed without other employees knowing it.

Mr. Jenkins moved, with a second by Ms. Bulova, to approve Resolution #8A-11-2009. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Authorization to Approve the 2010 Legislative Agenda – 8B

Mr. Zehner stated that the Operations Board is being asked to recommend that the Commissions approve the 2010 VRE Legislative Agenda and authorize him as CEO to actively pursue its elements. Resolution #8B-11-2009 would accomplish this.

Mr. Zehner reviewed the Legislative Agenda. For federal, Congress has begun working on the elements for the next Reauthorization legislation as a follow-up to SAFETEA-LU, which expires in 2009. In March, VRE submitted several capital funding requests to Congress for their consideration for inclusion in the pending legislation. As of now, Congress has yet to definitely mark-up a bill which sets forth the projects for final inclusion. VRE will continue to pursue funding for all elements of the package. VRE's priority list of projects includes five new tier-two locomotives (\$20 million), parking expansion (\$35 million), platform extension/additions (\$25 million), expansion of commuter rail service to Gainesville/Haymarket (\$250 million), and 30 new railcars (\$66 million). VRE will also support rail advocacy efforts of APTA during the FY 2009-2010 Authorization process to better position public transportation for a larger share of funding in the new legislation.

On the federal level, VRE will also continue to advocate for the amendment of the United States code to cap liability insurance for commuter rail operations. CSX and Norfolk Southern continue to request liability insurance of \$500 million per incident as an element of the new access agreements. VRE will promote amending the current federal liability cap of \$200 million to include third party claims.

VRE will continue to support work toward securing funding to build critical segments of high speed rail on the Fredericksburg line. VRE supports the Commonwealth's pending application for Tier 1 stimulus funding for high speed rail.

Several years ago, the late Congresswoman Davis helped facilitate a working group of the Federal Railroad Administration, CSX and Amtrak to adopt a comprehensive plan for systematic corridor improvements along the Fredericksburg line. Proposed projects were required to have an immediate benefit to Fredericksburg line on-time performance. The total plan cost is estimated at \$20 million and includes construction of several 600 foot long passenger second platforms and canopies as well as associated pedestrian stairs, bridges, and elevators. The effort is now supported by Congressman Wittman and VRE supports efforts to obtain funding.

For the state, Mr. Zehner reviewed several important issues that have been identified for advancement by VRE during the upcoming legislative session in the General Assembly. VRE will continue to also advocate for state funding for its priority list of projects. VRE will not advocate that such funding come from existing transit sources. Additionally, VRE is recommending continued advancement of a third mainline track in order to add capacity to the Fredericksburg line through the construction of a third main line track from Washington to Fredericksburg. VRE will also seek relief from insurance costs via the Insurance Trust Fund. Due to rapidly increasing insurance costs, VRE has been unable to fully maintain the Insurance Trust Fund to the level desired by the Virginia Division of Risk Management. Annual payments have risen from \$1.5 million to just under \$5 million per year. VRE will pursue a one-time request for assistance from the General Assembly to replenish the Insurance Trust Fund.

VRE will also partner with local jurisdictional staff and the Virginia Transit Association to advocate the continued growth of state funding for transit; encourage the Commonwealth to meet the statutory goals of funding 95 percent of eligible transit capital and operating costs from the Mass Transit Fund; and advocate the provision of annual funding to offset operational costs attributable to persons using VRE from non-member jurisdictions.

Mr. Kelly stated that he supports this Legislative Agenda and it seems to be moving in the right legislative direction. He stated that when looking at extending platforms, it would be a good idea to meet with Fredericksburg officials and CSX and to come to some agreement on what can be done to the Fredericksburg station for improvements so that funding can be sought. Mr. Zehner stated that staff is going through a design document based on the money Congresswoman Davis secured and he would be happy to go over it with Mr. Kelly on what will be done with the existing funds. Mr. Kelly stated that major improvements need to be made at the station. Mr. Page stated that DRPT

would be happy to be a part of the discussion as there is a high speed rail expansion initiative.

Mr. Zehner also noted that Fairfax County has requested that seeking funding for midday storage be added to the Legislative Agenda. He stated that it has been included in previous agendas over the past three years.

Ms. Bulova stated that Fairfax County staff has reviewed the Legislative Agenda and raised a number of issues; one of which had to do with “codifying language before the Commonwealth Transportation Board (CTB) or embedded language within the Virginia Code that would mandate the Commonwealth to continue its practice of funding VRE’s track leases with federal funds received by the Commonwealth.” Fairfax staff believes that this could backfire on VRE if the General Assembly does not approve these funds and could send a wrong message to CTB. Also, in addition to the mid-day storage issue, an explanation should be included about the purchase of 30 new railcars to replace the Gallery railcars.

Mr. Zehner stated that currently the Commonwealth pays 80 percent and VRE pays 20 percent for access payments to the railroads, but it is not listed in Virginia’s Code. Chairman Zimmerman observed that it is not in dispute whether it would be good to have something written in law, but the issue is if seeking it is risky or not. He asked Mr. Page if he wished to offer an opinion. Mr. Page stated that the CTB exercises its powers of duty to spend those funds annually for VRE. Certainly when an issue is brought to the attention of the General Assembly there is a risk involved.

Ms. Bulova moved Resolution #8B-11-2009, with the elimination of the last bullet on page four related to the codification and to include in the priorities mid-day storage and the third track for Spotsylvania service, as well as an explanation of the railcars to replace existing gallery cars. Mr. Kelly seconded the motion.

Mr. Page stated that although he supports the content of VRE’s Legislative Agenda, since it is a legislative issue, he will need to abstain from the vote. The Board then voted on the motion at it passed. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Schwartz, Way and Zimmerman. Mr. Page abstained.

Authorization to Amend VRE Tariff to Modify the Youth Fare Policy – 8C

Mr. Zehner stated that the VRE Operations Board is being asked to authorize him to amend the VRE tariff to reflect changes to the youth fare policy to allow for an increase in the age of children riding free with a fare paying adult from 6 to age 10 and to eliminate the youth fare discount for youths age 11 through 21. Resolution #8C-11-2009 would accomplish this.

Mr. Zehner stated that VRE staff reviewed potential policy changes that could be made to enhance revenue without having a critical impact on ridership or service. For the last several months, VRE has accepted comments on the proposed changes. A public hearing was also held on November 2, 2009. Of the comments received, 70 percent

were against the proposed change and approximately 30 were in favor. Of those opposed, the majority represented students who travel on VRE to attend private schools or college students. Of those in favor, most felt that everyone utilizing a seat should pay full fare. It is estimated that about 80 youths ride VRE on a daily basis. Because it is a relatively low figure in comparison to the average daily ridership, consideration was given to continuing to offer the youth discount under an amended and more stringent process. However, staff ultimately found that because this program is not required and does not benefit the majority of VRE riders, it should be eliminated until a time when the budget is more favorable toward discretionary programs. It is estimated that it will save VRE \$100,000. As a side note, Mr. Zehner mentioned that he'd just been informed that state funding for VRE will be reduced another \$500,000 this year. Chairman Zimmerman also noted that there is constrained capacity.

Mr. Milde asked how the \$100,000 was calculated. Mr. Zehner explained that it was calculated looking at if the youth fare was eliminated, then those 80 people would be paying the full fare, or if they left the service, a full fare rider would be in their place.

In response to a question from Mr. Jenkins, Mr. Zehner stated that the current youth fare is half off the regular fare. Mr. Zehner also explained that staff can only estimate the number of students who ride VRE, since seniors and disabled also purchase reduced fare tickets. It is approximately 80 students for a total of 160 trips per day.

Mr. Kelly stated that it is important to keep costs down, but at the same time these types of discounted fares are fairly standard on transit systems. He moved that VRE defer the vote and ask staff to come back with an analysis on putting it into context of the budget constraints and cuts. He also asked that if the Board decides to keep the fare, what would staff recommend on how to continue to maintain it. Ms. Bulova seconded the motion.

Mr. Way expressed his opinion that he has a hard time viewing elimination of the youth fare as a cost savings and more of a selective fare increase against a more vulnerable population. He also stated that there are ample ways to deal with the fraud issue.

Mr. Covington stated that it is important to also look at how it will impact the jurisdiction's individual budgets and if we start discouraging students to attend private high schools, some may have to return to public schools which cost the jurisdictions \$15,000-\$20,000 annually. He stated that he hopes staff will revisit this issue.

Mr. Milde stated that the Board asked staff to look for cost savings. This issue started out more about the fraud aspect. Mr. Zehner stated that VRE has addressed the fraud issue by limiting where the tickets can be purchased and it is now more of a cost savings and revenue issue.

Chairman Zimmerman agreed that staff is doing their job by bringing cost savings options to the Board's attention, but it is also a policy issue. The biggest impact is long-term—if you can get people to become transit riders when they are young, they will more likely stay transit riders. He put it into context on the cost savings associated with eliminating this reduced fare in comparison to the amount of revenue generated by just

increasing the regular fares by a few pennies. A fare increase of one percent generates \$250,000 (which is six cents for an average regular fare of \$6). Chairman Zimmerman supports the motion to defer action because the issue still needs to be looks at in context of the budget. Mr. Covington reminded the Board that there is a lot more capacity in the summer. Mr. Milde asked if other transit providers give a 50 percent fare reduction to students.

The Board then voted on the motion to defer. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Authorization to Extend Lease Agreement with the Manassas Regional Airport Authority – 8D

Mr. Zehner reported that the VRE Operations Board is being asked to recommend that the Commissions authorize him as CEO to extend the term of a lease agreement between VRE and the Manassas Regional Airport Authority in an amount not to exceed \$81,960 over a period of 59 months. Resolution #8D-11-2009 would accomplish this.

Mr. Zehner stated that the Broad Run station is a heavily used station with parking demands currently at 117 percent of available capacity. In February 2005, VRE entered into a five-year lease agreement for space from the Airports Authority that provided an additional 98 spaces. VRE recommends maintaining the surface parking lot afforded by this lease, which expires in January 2010.

Mr. Way moved, with a second by Mr. Kelly, to approve the resolution. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Authorization to Award a Task Order for Final Design Work at the Leeland Road VRE Station – 8E

Mr. Zehner stated that Resolution #8E-11-2009 would authorize him to execute a task order with AECOM for final design of the parking expansion at the Leeland Road VRE station in an amount not to exceed \$271,000, plus a 10 percent contingency of \$27,100, for a total amount not to exceed \$298,100.

Mr. Zehner reported that the environmental assessment and preliminary engineering work on the parking expansion at Leeland Road station have been completed and the Federal Transit Administration is expected to issue final approval of the Environmental Assessment later this month. The recommended preferred alternative is a surface parking lot on the PRTC owned parcel to the west of the existing lot. The expansion goal is approximately 200 spaces. Once FTA approval is granted, design can begin and is estimated to take five months to complete. Following completion of design, VRE staff will return to the Board with a request to advertise the project for construction.

Mr. Schwartz moved, with a second by Mr. Milde, to approve the resolution. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Authorization to Execute a Task Order for Design Services for a Train Wash Facility and Warehouse at the Broad Run Yard – 8F

Mr. Zehner reported that the Operations Board is being asked to authorize him to execute a task order with STV/RWA for design services for the train wash facility and warehouse at the Broad Run Yard in an amount of \$472,920, plus a 10 percent contingency of \$47,292, for a total amount not to exceed \$520,212. Resolution #8F-11-2009 would accomplish this.

He explained that the second phase of this project is the construction of a train wash facility and warehouse. As VRE currently leases a warehouse facility off-site, moving the warehouse to the yard will greatly improve efficiency. VRE equipment is currently washed at the Crossroads Yard, which will continue until this facility is completed.

Mr. Zehner stated that the proposed action item will authorize the award of a task order to perform the design and develop the plans and specifications for solicitation. The design is expected to take eight months to complete. Once the task order work has been completed, VRE staff will return to the Operations Board to gain authorization to issue a solicitation for construction.

Mr. Way asked hypothetically if the Gainesville/Haymarket extension was approved, would VRE be approving this action. Mr. Zehner responded that VRE would probably alternate train consists where one day they would start in Gainesville and the other day start at Broad Run, where they would be maintained and cleaned.

Mr. Schwartz moved, with a second by Mr. Milde, to approve the resolution. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Authorization to Execute a Memorandum of Understanding with Fairfax County for the Lorton Second Platform Project – 8G

Mr. Zehner stated that the VRE Operations Board is being asked to authorize him as CEO to execute a Memorandum of Understanding (MOU) with Fairfax County for project management and match responsibilities related to the Lorton second platform project. Resolution #8G-11-2009 would accomplish this.

Mr. Zehner explained that a MOU with Fairfax County is needed to establish Fairfax County's contribution of the match and VRE management of the project. VRE will be responsible for procuring and contracting for the environmental analysis, preliminary engineering and final design of the project, with County coordination. The County will provide \$321,000 in local matching funds, for a project total of \$1,070,000. VRE will

manage the project on behalf of VRE and Fairfax County and work will include environmental analysis, preliminary engineering and final design. VRE staff will return to the Operations Board with a request for a solicitation to procure this work.

Ms. Bulova moved, with a second by Mr. Jenkins, to approve the resolution. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Adjournment

Without objection, Chairman Zimmerman adjourned the meeting at 10:40 A.M.

Approved this 18th day of December 2009.

Christopher Zimmerman
Chairman

Sharon Bulova
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the November 20, 2009 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest